

## Chapter 2

### Financial Management and Budgetary Control

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year as compared with amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 61 grants/appropriations is given in **Table 2.1**:

**Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary provisions**

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	49488.48	6088.23	55576.71	51350.04	(-) 4226.67
	II Capital	5745.36	294.20	6039.56	2483.34	(-) 3556.22
	III Loans and Advances	491.76	4.00	495.76	407.73	(-) 88.03
	IV. Public Debt	-	-	-	-	-
<b>Total Voted</b>		<b>55725.60</b>	<b>6386.43</b>	<b>62112.03</b>	<b>54241.11</b>	<b>(-) 7870.92</b>
<b>Charged</b>	V Revenue	15354.21	299.72	15653.93	14633.19	(-) 1020.74
	VI Capital	-	8.37	8.37	7.88	(-) 0.49
	VII Public Debt- Repayment	14844.25	4320.38	19164.63	26220.08	(+) 7055.45
<b>Total Charged</b>		<b>30198.46</b>	<b>4628.47</b>	<b>34826.93</b>	<b>40861.15</b>	<b>(+) 6034.22</b>
<b>Appropriation to Contingency Fund (if any)</b>		-	-	-	-	-
<b>Grand Total</b>		<b>85924.06</b>	<b>11014.90</b>	<b>96938.96</b>	<b>95102.26</b>	<b>(-) 1836.70</b>

Source: Appropriation Accounts

Note: Actual expenditure was overstated to the extent of ₹ 384.30 crore drawn on Abstract Contingent bills during 2010-11, which remained un-adjusted at the end of the year.

**The overall saving of ₹ 1836.70 crore was the result of saving of ₹ 10167.43 crore in 47 grants and 22 appropriations under Revenue Section and 48 grants and 19 appropriations under Capital Section, offset by excess of ₹ 8330.72 crore in 13**

grants and seven appropriations under Revenue Section and one grant and six appropriations under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (June 2011) to the Departmental Controlling Officers requesting them to explain the significant variations. Out of 1536 sub-heads, explanations for variations were not received in respect of 1346 sub-heads (Saving: 1010 sub-heads and Excess: 336 sub-heads). Substantial savings occurred in Education (Higher), Food and Supplies, Panchayat and Rural Development, Public Health Engineering, Housing, Irrigation and Waterways and Disaster Management Departments. Substantial excess occurred in Education (School), Finance, Civil Defence, Housing, Irrigation and Waterways and Public Works Departments. Reasons for savings and excesses were not furnished by the Departments as of September 2011.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 104 cases, savings exceeded ₹10 crore in each case or by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹10167.43 crore, savings of ₹ 6958.63 crore (68 per cent) occurred in 18<sup>1</sup> cases relating to 13 grants as indicated in **Table 2.2**.

**Table 2.2: List of Grants with savings of ₹ 50 crore and above**

(Rupees in crore)

Sl. No.	No. and name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
<b>Revenue-Voted</b>						
1	13-Education (Higher)	1958.45	-	1958.45	1802.41	156.04
2	21-Food and Supplies	2182.31	5.66	2187.97	1734.10	453.87
3	36-Land and Land Reforms	881.67	-	881.67	769.09	113.58
4	38-Minority Affairs and Madrasah Education	730.96	257.01	987.97	798.50	189.47
5	39-Municipal Affairs	3035.89	-	3035.89	2478.80	557.09
6	40-Panchayat and Rural Development	3535.14	-	3535.14	3051.14	484.00
7	44-Public Enterprises	107.33	37.18	144.52	27.88	116.64
8	45-Public Health Engineering	330.33	343.21	673.54	479.04	194.50
9	47-Disaster Management	724.27	1504.63	2228.90	1012.06	1216.84
10	54-Urban Development	1873.22	-	1873.22	1105.82	767.39
11	56-Women and Child Development and Social Welfare	1359.65	499.42	1859.07	1748.94	110.13
<b>Total</b>						<b>4359.55</b>
<b>Capital-Voted</b>						
1	25-Public Works	998.05	-	998.05	779.77	218.28
2	28-Housing	571.66	-	571.66	112.20	459.46
3	32-Irrigation and Waterways	1459.08	-	1459.08	463.31	995.77
4	43-Power and Non-Conventional Energy Sources	200.15	165.52	365.67	120.32	245.35
5	45-Public Health Engineering	181.20	-	181.20	0.82	180.38

<sup>1</sup>Exceeding ₹ 100 crore in each case

Sl. No.	No. and name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
6	51-Technical Education and Training	203.38	-	203.38	51.80	151.58
7	55-Water Resources Investigation and Development	430.50	-	430.50	82.24	348.26
						<b>2599.08</b>
	<b>Total</b>					<b>6958.63</b>

Source: Appropriation Accounts

Under grant numbers 47, 56 and 43 the departments attributed such savings to augmentation of funds by supplementary provisions made in March 2011. However, reasons for non-utilisation of the augmented funds were not explained by the departments.

### 2.3.2 Persistent Savings

In 21 cases, during the last five years, there were persistent savings of more than ₹ 1 crore in each case. The savings were also 10 per cent or more of the total grant except in six cases (*Appendix 2.2*). Departments with such major cases were Irrigation and Waterways, Municipal Affairs, Health and Family Welfare, Water Resources and Investigations, Minority Affairs and Madrasah Departments.

While 16 departments did not furnish the reasons for the persistent savings, the reasons intimated by five departments (38-Minority Affairs and Madrasah Education, 36-Land and Land Reforms, 5-Agriculture, 34-Judicial and 44-Public Enterprises) indicated that savings were mainly due to unnecessary/excessive supplementary grants in March each year.

### 2.3.3 Excess over provisions during 2010-11 requiring regularisation

**Table 2.3** contains the summary of total excess expenditure under 13 grants and ten appropriations amounting to ₹ 8330.72 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2010-11 which requires regularisation under Article 205 of the Constitution.

**Table 2.3: Excess over provisions requiring regularisation during 2010-11**

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
			(Rupees in crore)		
<b>Voted Grants</b>					
1	4-Revenue	Agricultural Marketing	24.82	28.28	3.46
2	5-Revenue	Agriculture	720.31	729.88	9.57
3	15-Revenue	Education (School)	11475.85	11911.70	435.85
4	18-Revenue	Finance	8403.79	8646.44	242.65
5	20-Revenue	Fisheries	135.12	136.07	0.95
6	22-Revenue	Food Processing Industries and Horticulture	67.26	74.25	6.99
7	23-Revenue	Forest	316.69	322.07	5.38
8	25-Revenue	Public Works	979.09	1267.76	288.67
9	27-Revenue	Home	3134.03	3338.57	204.54
10	33-Revenue	Jails	148.51	152.46	3.95
11	35-Revenue	Labour	397.09	411.57	14.48
12	46-Revenue	Refugee Relief and Rehabilitation	59.80	62.43	2.63
13	60-Revenue	Civil Defence	265.18	285.75	20.57
Total	Voted				<b>1239.69</b>

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
( R u p e e s i n c r o r e )					
<b>Charged Appropriations</b>					
1	11-Revenue	Micro and Small Scale Enterprises	0.41	0.46	0.05
2	18-Capital	Finance	19068.04	26125.85	7057.81
3	23-Revenue	Forest	-	0.05	0.05
	23-Capital	Forest	-	0.06	0.06
4	27-Revenue	Home	1.30	5.44	4.13
	27-Capital		-	2.83	2.83
5	35-Capital	Labour	0.55	1.48	0.93
6	42-Capital	Personnel and Administrative Reforms	-	0.01	0.01
7	43-Revenue	Power and Non-Conventional Energy Sources	27.17	27.23	0.06
8	45-Capital	Public Health Engineering	0.46	0.64	0.19
9	47-Revenue	Disaster Management	18.01	25.09	7.08
10	53-Revenue	Transport	-	7.27	7.27
	53-Capital		-	10.56	10.56
Total		Charged			7091.03
<b>Grand total</b>					<b>8330.72</b>

Source : Appropriation Accounts

### 2.3.4 Excess expenditure of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 16637.64 crore for the years 2006-2010 was yet to be regularised as of December 2011 as detailed in **Table 2.4**.

**Table 2.4: Excess over provisions relating to previous years requiring regularisation**

Year	Number of		Amount of excess over provision (Rupees in crore)
	Grants	Appropriations	
<b>2006-07</b>	12 (Grant Nos. 8, 9, 11, 13, 20, 26, 28, 30, 31, 43, 45, 54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293.31
<b>2007-08</b>	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12145.54
<b>2008-09</b>	13 (Grant Nos. 4, 9, 18, 20, 21, 25, 27, 35, 50, 52, 53, 54, 59)	4 (Grant Nos. 12, 18, 39, 53)	705.89
<b>2009-10</b>	16 (Grant No. 4, 5, 19, 20, 21, 23, 24, 25, 27, 28, 33, 35, 40, 43, 53, 56)	6 (Grant No. 5, 18, 20, 29, 32, 43)	3492.90
<b>Total</b>	<b>55</b>	<b>26</b>	<b>16637.64</b>

Source : Appropriation Accounts

Thus, excess expenditure for the years 2006-07 to 2010-11 worth ₹ 24968.36 crore<sup>2</sup> needs regularization. In case of most of the grants, obtaining inadequate supplementary provision led to excess expenditure, which indicates lack of control over financial management by the controlling officers.

<sup>2</sup> ₹ 16637.64 crore pertaining to 2006-10 plus ₹ 8330.72 crore pertaining to 2010-11

### 2.3.5 Significant excess expenditure

In eighteen cases, expenditure aggregating ₹ 53408.20 crore exceeded the approved provisions by ₹ 1 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in *Appendix 2.3*.

### 2.3.6 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 2705.26 crore was incurred in 51 cases as detailed in *Appendix 2.4* without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. In none of the cases, reasons for incurring expenditure without any budget provision were intimated by the Departments (September 2011).

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 548.64 crore obtained in 13 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in *Appendix 2.5*. On the other hand, in nine cases, supplementary provision of ₹ 7282.70 crore proved insufficient by more than ₹ 1 crore in each case leaving an aggregate uncovered excess expenditure of ₹ 7982.46 crore (*Appendix 2.6*).

Under **Capital-Voted Section of Grant No. 43-Power and Non-conventional Energy Sources**, savings out of original provision stood at ₹ 79.83 crore, supplementary provision of ₹ 165.52 crore further inflated the savings.

Under **Revenue-Charged Section of Grant No. 18-Finance**, savings out of original provision was ₹ 717.29 crore, further supplementary provision of ₹ 280.87 crore proved to be unnecessary.

All these indicated lack of control on the part of the controlling authorities towards budget formulation.

### 2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases were noticed where injudicious re-appropriation proved excessive or insufficient leading to savings of ₹ 953.68 crore (in 30 sub heads under 13 grants) and excess expenditure of ₹ 355.64 crore (in 22 sub-heads under 14 grants) as detailed in *Appendix 2.7*.

### 2.3.9 Surrender in excess of actual saving

Under Grant number **39-Municipal Affairs (Revenue-Voted)**, out of total grant/appropriation of ₹ 3035.89 crore, there were savings of ₹ 557.09 crore. The Department, however, surrendered of ₹ 570.36 crore indicating excess surrender of ₹ 13.27 crore.

Under Grant number **4-Agriculture Marketing (Revenue-Voted)**, out of total grant/appropriation of ₹ 24.82 crore, there were excess expenditure of ₹ 3.46 crore. The department, however, unrealistically surrendered ₹ 6.36 crore.

Similarly, under Grant number **5-Agriculture (Revenue-Voted)**, out of total grant/appropriation of ₹ 720.31 crore, there were excess expenditure of ₹ 9.57 crore. Despite the same the Department surrendered ₹ 4.55 crore, which was unrealistic

Absence of budgetary control led to such excess surrenders.

### 2.3.10 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2010-11, under 48 grants and 16 Appropriations, no part of the aggregate savings of ₹ 8172.68 crore was surrendered by the concerned Departments, as detailed in **Appendix 2.8**. Such un-surrendered savings accounted for 80 percent of the total savings of ₹ 10167.43 crore during 2010-11.

Similarly, out of total savings of ₹ 1319.01 crore under nine other grants (saving of ₹ 1 crore and above in each case), only ₹ 1052.21 crore was surrendered leaving un-surrendered balances aggregating ₹ 265.80 crore (20 percent of savings under those grants), details of which are given in **Appendix 2.9**.

Besides, in nine cases under seven grants, (surrender of funds in excess of ₹ 10 crore), ₹ 1746.81 crore were (**Appendix 2.10**) surrendered on the last working day of March 2011 indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

### 2.3.11 Rush of expenditure

According to Rule 389 A of West Bengal Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of four major-heads, 67 per cent of the total expenditure for the year was incurred in March 2011. **Table 2.5** presents the major heads where more than 50 percent expenditure was incurred during the last month of the financial year.

**Table 2.5: Cases of rush of expenditure towards the end of the financial year 2010-11**

(Rupees in crore)

	Major Head	Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2015-Election	205.77	176.65	86	167.04	81
2	4070-Capital Outlay on Other Administrative Services	15.45	11.21	73	9.21	60
3	4210-Capital Outlay on Medical and Public Health	187.17	108.03	58	94.73	51
4	4857-Capital Outlay on Chemical and Pharmaceutical Industries	17.10	13.30	78	13.30	78

Source: Expenditure booked by Pr. AG (A&E)

High percentage of expenditure under 2015-Election may, however, be viewed with the fact that the Assembly General Election was held in April-May 2011. However, as regards other three major heads as shown in **Table 2.5** was indicative of the fact that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained.

## 2.4 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Act in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are permissible only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. Advances from West Bengal Contingency Fund may be given for meeting expenditure in the circumstances where (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained. The Fund is in the nature of an imprest and has a corpus of ₹ 20 crore.

An amount of ₹ 2.70 crore remaining un-recouped under the Contingency Fund at close of 2009-10 has since been recouped under the Major Head “2210-Medical and Public Health”. At the end of 2010-11, ₹ 0.03 crore remains to be recouped to the Major Head “2059-Public Works”. This has a direct impact on the Revenue Deficit of the State

## 2.5 Review of budgetary process and financial management

One basic tenet of efficient financial management is realistic preparation of budget. Under Article 202 (1) of the Constitution of India, the overall responsibility of preparation of budget lies with Finance Department. The materials based on which budget estimates are to be prepared should be obtained from the local budgeting officers. The responsibility for preparation of annual budget estimate for a department by collecting necessary inputs from the lower level functionaries (DDOs) lies with the Departmental Controlling Officer of that department. The detailed procedure for the same and time schedule for submission of the same to the Finance department have been stipulated in the West Bengal Financial Rules as well as the West Bengal Budget Manual.

The systems of preparation of budget as well as expenditure control followed by two departments namely, Backward Classes Welfare (BCW) and Fisheries Departments during 2006-07 to 2009-10 were reviewed in Audit. Various deficiencies in budget preparation process, control over expenditure as well as lack of prudence in financial management were observed, as discussed in the succeeding paragraphs:

### 2.5.1 Budget preparation process

Under the provisions of West Bengal Financial Rules (WBFR) and West Bengal Budget Manual, the departmental budget estimates are required to be prepared by the respective department after obtaining budget proposals from the subordinate offices.

#### A) Delay in submission of budget estimates

In terms of Rule 333 of WBFR it is essential that the time table prescribed for submission of Budget Estimate should be strictly adhered to so that the realistic estimates may be prepared by the Administrative Department for onward transmission to Finance Department and it may be laid before the Legislature on due date. The schedule for submission of Budget Estimate for the year 2010-11 alongwith Revised Estimate for 2009-10 and Actual of 2008-09 were as under:-

**Table 2.6: Statement showing target date and actual dates of submission of budget proposals by two Departments**

Sl. No.	Grant No.	Name of the Department	Scheduled date of receipt from Department	Actual date of submission	No. of days delayed
1	20	Fisheries	15.10.2009	19.11.2009	35
2	07	Backward Classes Welfare	15.10.2009	14.12.2009	60

From the above, it transpired that the budget was prepared on presumption as the proposal of the department was submitted much later.

**B) Watch over progress of expenditure**

In terms of Rule 384 read with 385 of WBFR, the Departmental Controlling Officer (DCO) or a Disbursing Officer under whose disposal the grant is placed is required to keep a constant watch over the progress of expenditure every month under different units of appropriation in order to take early steps for obtaining supplementary grants or surrendering any probable savings as may be necessary. Further, the DCOs are required to keep up-to-date information of expenditures incurred by various DDO and reconcile the expenditure with those compiled by the Accountant General (A&E). Both BCW and Fisheries Departments neither obtained any monthly expenditure statement nor reconciled the departmental figures with those compiled by the Accountant General (A&E).

**2.5.2 Budget Management in selected Grants**

A review of budgetary and expenditure control during 2006-07 to 2010-11 in respect of these grant numbers revealed substantial savings discussed as under:

**Table 2.7: Persistent savings under two grants**

(Rupees in crore)

Grant No	Section	2006-07	2007-08	2008-09	2009-10	2010-11
		Quantum of savings (percentage to total allocation)				
7 BCW	Revenue	58.83 (16)	64.11 (15)	37.98 (7)	31.04 (6)	72.36 (11)
	Capital	5.96 (31)	29.55 (79)	5.35 (15)	8.40 (24)	23.68 (52)
20 Fisheries	Capital	24.51 (51)	57.06 (75)	6.87 (13)	10.86 (15)	32.08 (36)

Major head-wise analysis showed that in case of the following major heads, expenditures fell short of budget allotments by substantial amounts

**Table 2.8: Cases of excess/savings under grants 7 and 20**

(Rupees in lakh)

Major Head	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Grant number: 07 – Backward Classes Welfare</b>					
2225-Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes Welfare (Voted)	(-) 5828.88 (16)	(-) 6379.47 (15)	(-) 3772.72	(-) 3118.20	(-) 7228.97 (11)
4225-Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes (Voted)	(-) 536.50 (29)	(-) 2885.09 (78)	(-) 514.43 (15)	(-) 822.62 (24)	(-) 2366.71 (52)

Source: Appropriation Accounts

(percentage of variations with respect to net budget allotments have been shown in brackets)

Cases where variations were within 10 per cent of budget provision are not indicated



**A) Non-utilisation of budget provisions and non-surrender.**

Scrutiny of records Backwards Classes Welfare Department and Fisheries Department for the year from 2006-07 to 2010-11 revealed that the savings made in respect of certain grants were not surrendered

**Table 2.9: Non-surrender of savings under Grants number 7 and 20 (Rupees in crore)**

Grant 7: Backward Classes Welfare			Grant 20: Fisheries		
2006-07	(Revenue-Voted)	58.33	2006-07	(Capital-Voted)	5.49
	(Capital-Voted)	5.36		(Capital-Charged)	19.02
2007-08	(Revenue-Voted)	64.06	2007-08	(Rev-Charged)	2.36
	(Capital-Voted)	28.85		(Capital-Voted)	35.06
2008-09	(Revenue-Voted)	37.88	2008-09	(Capital-Charged)	22.00
	(Capital-Voted)	5.14		(Capital-Voted)	6.76
2009-10	(Revenue-Voted)	31.03	2009-10	(Revenue-Charged)	4.13
	(Capital-Voted)	8.23		(Capital-Voted)	6.52
2010-11	(Revenue-Voted)	72.29	2010-11	(Capital-Charged)	4.34
	(Capital-Voted)	23.67		(Capital-Voted)	21.75
	(Revenue-Charged)	0.07		(Revenue-Charged)	1.08
	(Capital-Charged)	0.02		(Capital-Charged)	10.33
		<b>334.93</b>			<b>138.84</b>

**B) Unnecessary/injudicious re-appropriation**

Under Grant Number 20: Fisheries, instances were noticed where re-appropriation orders were either insufficient (sl 1 and 3) or injudicious (sl 2).

**Table 2.10: Cases of unnecessary / injudicious re-appropriations under grant number 7 and 20***(Rupees in lakh)*

	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1	2008-09	2515-Other Rural Development Programmes-00-800-Other Expenditure-Non-Plan-012-Development of Tank Fisheries in the Selected CD Blocks in State (FI)	(+) 5.34	(+) 142.00
2	2009-10	2515-Other Rural Development Programmes-800-Other Expenditure-Non-Plan-012-Development of Tank Fisheries in the Selected CD Blocks in State (FI)	(-) 2.75	(+) 1526.85
3	2010-11	2401-Crop Husbandry-00-800-Other Expenditure-Plan-State Plan(Annual Plan and Eleventh Plan)-SP012-Additional Central Assistance Schemes under Rastriya Krishi Vikash Yojana (RKVY)(FI)	(+) 215.18	(+) 870.89

**2.6 Major policy Initiatives in State Budget**

The Budget documents as presented by the State Finance Minister for the year 2010-11 disclosed the major initiatives under social and economic sectors. Though it was not ascertainable from the Finance and Appropriation Accounts, whether

these initiatives were translated into actual expenditure, shortfall noticed in four departments<sup>3</sup> are discussed below:

Table 2.11: Major policy initiatives in State Budget *vis-à-vis* actual expenditure:

Budget commitments	Actual expenditures																												
<b>Social Sector</b>																													
<p>With special priority towards expansion of vocational and technical education at all levels, setting up of 2000 additional vocational training centres and 25 new ITIs were proposed in the budget. The plan outlay of the Department of Technical Education and Training was proposed to increase from ₹ 284.0 crore in 2009-10 to ₹ 374 crore in 2010-11.</p>	<p>Appropriation Accounts showed that against total grant of ₹ 305.23 crore in the Revenue side of Grant number 51: Technical Education and Training, there were savings of ₹ 59.27 crore (19 per cent), while under Capital section there was savings of ₹151.59 crore (75 per cent of total grant of ₹ 203.38 crore). Scrutiny further revealed that substantial savings occurred under various plan heads related to vocational training :</p> <p style="text-align: right;">(Rupees in crore)</p> <table border="1"> <thead> <tr> <th>Head of Account (Plan)</th> <th>Grant</th> <th>Actual</th> <th>Savings</th> </tr> </thead> <tbody> <tr> <td>2203-00-Plan-SP003-New Scheme for Training Facilities and Vocational Education Facilities for Special Programme Community Polytechnics</td> <td>1.70</td> <td>0.68</td> <td>1.02</td> </tr> <tr> <td>2203-SP- Introduction of Vocational Education and Training under WBCSVE&amp;T</td> <td>14.50</td> <td>9.35</td> <td>5.15</td> </tr> <tr> <td>2203-SP- Introduction of Vocational Education and Training under WBCSVE&amp;T</td> <td>1.50</td> <td>0.61</td> <td>0.89</td> </tr> <tr> <td>2203-SP-800-Other Expenditure-Introduction of Vocational Education and Training under WBCSVE&amp;T</td> <td>136.00</td> <td>94.37</td> <td>41.63</td> </tr> <tr> <td>4202-800-Construction of Vocational Training Centres</td> <td>3.70</td> <td>nil</td> <td>3.70</td> </tr> <tr> <td>4202-SP008-Introduction of Vocational Education &amp; Training under WBCSVE&amp;T</td> <td>17.00</td> <td>0.01</td> <td>16.99</td> </tr> </tbody> </table> <p>Thus, the objective of the initiatives taken for vocational training were not achieved due to large savings..</p>	Head of Account (Plan)	Grant	Actual	Savings	2203-00-Plan-SP003-New Scheme for Training Facilities and Vocational Education Facilities for Special Programme Community Polytechnics	1.70	0.68	1.02	2203-SP- Introduction of Vocational Education and Training under WBCSVE&T	14.50	9.35	5.15	2203-SP- Introduction of Vocational Education and Training under WBCSVE&T	1.50	0.61	0.89	2203-SP-800-Other Expenditure-Introduction of Vocational Education and Training under WBCSVE&T	136.00	94.37	41.63	4202-800-Construction of Vocational Training Centres	3.70	nil	3.70	4202-SP008-Introduction of Vocational Education & Training under WBCSVE&T	17.00	0.01	16.99
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<p>In order to address the problem of unemployment in urban areas, the Budget envisaged introduction of West Bengal Urban Employment Scheme from 2010-11 with an allocation of ₹ 250 crore.</p>	<p>As per the Appropriation Accounts, expenditure of ₹ 137.18 crore was incurred for West Bengal Urban Employment Scheme under various minor heads of the Major Head 2217: Urban Development.</p>																												

<sup>3</sup> Technical Education and Training, Urban Development, Food Processing and Horticulture, Water Resource Investigation and Development

## Economic Sector

In order to ensure fair price to the farmers for their produce, growth of agro-industries and protection of interest of consumers, along with increase in the production of fruits and vegetables, priority has been accorded to establishment of multipurpose cold storages and cold chain arrangements. The plan outlay of the department of Food Processing and Horticulture was increased from ₹ 39.30 crore in 2009-10 to ₹ 61.30 crore in 2010-11.

There was 80 *per cent* savings under Capital section of Grant number 22: Food Processing Industries and Horticulture (savings of ₹ 29.83 crore out of total allocation of ₹ 37.25 crore). Excess expenditure over allocation was, however, noticed in the Revenue side, where in against voted budget grant of ₹ 67.26 crore, actual expenditure stood at ₹ 74.25 crore.

For improvement of irrigation and drainage system to increase agricultural production, plan outlay of the department of Water Resource Investigation and Development was increased from ₹ 209 crore in 2009-10 to ₹ 459 crore in 2010-11.

The actual expenditure under Grant Number 55-Water Resources Investigation and Development showed 81 *per cent* savings under Capital Section (₹ 348.26 crore was not spent out of allocation of ₹ 430.50 crore) during 2010-11. On Revenue side, actual expenditure (₹ 384.64 crore) fell short of budget grant (₹476.37 crore) by 19 *per cent*.

Despite provision of additional funds for the new initiatives spelt out in the budget, the intended objectives were not fully achieved due to large savings.

## 2.7 Conclusion and Recommendations

Deficient budgetary control in Government departments was apparent from the instances of injudicious supplementary provisions, unnecessary/excessive re-appropriations, inadequate provision of funds etc. The procedure of preparation of budget as prescribed in the budget manual was also not properly followed. Excess expenditure amounting to ₹ 24968.36 crore pertaining to 2006-07 to 2010-11 requires regularisation by the Legislature. During 2010-11, ₹ 2405.26 crore was incurred in 51 cases without any provision in the original estimates/supplementary demand. Besides, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. The Controlling Officers of two test checked departments did not monitor the progress of expenditure.

The following suggestions are made:

- ***The Controlling Officers should keep constant watch over progress of expenditure as required under Rules 384 and 385 of West Bengal Financial Rules, so that possibility of savings/excess is anticipated well in advance.***
- ***Non-surrendering of anticipated savings by various departments needs to be seriously viewed for fruitful utilisation of surplus fund.***